THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND THE MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS AND SPACE (SHRI K P. NARAYANAN): (a) M/s. Modi have been allowed collaboration with Olivetti of Italy with an export obligation of 10 per cent of their ex-factory value of 50 per cent of (imported) raw materials and components whichever is higher, whereas M/s. Hinditron Computers Private Limited, Bombay have been issued a Letter of Intent (LOI) for the manufacture of computers with an export obligation of 30 per cent. Letter of Intent (LOI) was given to M/s. Modi in November 1985, when no export obligation was prevalent. Subsequently, at the time of approval of Foreign Collaboration, the above said export obligation was imposed on Modis by Foreign Investment Board (FIB). However, Ms. Hinditron with DEC collaboration was given LOI after the 30 per cent export obligation norms came into effect from July, 1986.

(b) From July, 1986 a uniform rate of export obligation i.e. 30 per cent of ex-factory value in respect of computer and 15 per cent of ex-factory value in respect of peripherals manufacture has been imposed on all units including small scale sector. However, prior to July 1986 there was no such compulsory export obligation. Those cases where LOI was given prior to July 1986 but Foreign Collaboration (FC) was considered after July 1986 the export obligation was 10 per cent ex-factory value of 50 per cent of (imported) raw materials and components whichever is higher.

Collaboration venture of US and Italian firms to manufacture computers

2241. SHRI BHAGATRAM MANHAR: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that the two computer multinationals, M/s. DEC of USA and M/s. Olivetti of Italy, are being allowed to set up plants in collaboration for manufacture of computers in India with equity participation; if so, what are the broad terms and conditions imposed on them;

(b) what is the precise nature of the range of products they would make in India;

(c) whether it is a fact that the above two multinationals have been allowed to manufacture micro/ mini computers in India which, more or less, are already being manufactured in the country by quite a few units, including those in the small sector; if so, what is the justification for allowing multinationals in this field;

(d) whether certain export obligations have been imposed on these multinationals; if so, what are the reasons therefor; and

(e) whether Government are considering a proposal to waive their export obligation; if so, what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND THE MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS AND SPACE (SHRI K. P. NARAYANAN): (a) Multinational companies for the manufacture of computers, have not been allowed to set up units in India. But two Indian companies have been allowed, namely: M/s. Hinditron Computers Pvt. Ltd. Bombay with only 40 per cent foreign equity participation from M/s. DEC of USA and M/s. Modi Xerox, New Delhi with 40 per cent foreign equity from M/s Ing. C. Olivetti & Co. SPA of Italy. As per the norms both these units are treated as Indian companies and not as Multinational companies.

(b) M/s Hinditron Computers Pvt. Ltd. will be manufacturing Micro

VAX-II range of computers which are VISI version of super mini computer VAX 11/780 and Modi Xerox will be manufacturing a compatible range of Personal, Micro and Mini computers in the country as per the above approval.

(c) The range of computers proposed for manufacture by M/s. Hinditron are not currently being manufactured in India by any other unit and are mostly imported by actual users. There exists a very large number of software packages developed, specially for VAX systems because of which considerable import of these systems had to be allowed in the past. The venture in question therefore, is in the nature of an import substitution. The proposal of Modi Xerox Ltd. is in the nature of manufacture of a compatible series of computers from the micro to mini-clusters. As the two companies are both Indian companies, the question of multinationals does not arise.

(d) Yes, Sir. The export obligation was imposed so that the part of the foreign exchange requirements for imported components/peripherals, which goes as an input for manufacturing could be met through the export earnings.

(e) Government are considering the general question of export obligation on computer manufacturers, but no decision has been taken so far.

Waiver on export obligagtion by the Department of Electronics

2242. SHRI BHAGATRAM MANHAR: Will the PRIME MINISTER be pleased to state:

(a) whether Government's attention has been drawn to the lead story published in the Financial Express of July 1, 1987, wherein a number of policy announcements have been attributed to the Department of Electronics; if so, what is the official policy and justification for giving a general waiver to the industry on their export obligation; and

(b) whether it is a fact that the Indian computer industry is today capable of manufacturing micro-mini computers, if so, what is the justification in allowing multinationals to set-up collaboration ventures in India to make micro/mini computers?

THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND THE MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS AND SPACE (SHRI K. P. NARAYANAN): (a) Yes, Sir. Government are considering the general question of export obligation on computer manufacturers but no decision has been taken so far.

(b) Certain range of micro/mini computers are at present made in the country without any collaboration. Manufacture of computers with foreign colloboration is permitted for Indian companies in order to acquire capability for manufacture of computers indigenously which are currently being imported.

Extension of term to Commission on Fairfax matter

2243. SHRI JASWANT SINGH:
SHRI A. G. KULKARNI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Commission appointed to inquire into the Fairfax matter has been granted an extension; and

(b) if so, what are the reasons for this?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) Yes, Sir.